



Q1'2019 Earnings Presentation

May 13, 2019



شركة ميزان القابضة
MEZZAN HOLDING CO.



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Agenda

- **Q1 2019 Highlights**
- Headwinds & Tailwinds
- Results
- **Financial Review**
- **Q&A**

By Families
For Families





Mezzan Today: Q1'19 Tailwinds

- Strong revenue base despite challenging and complex market conditions
- Strong performance in Food Manufacturing and Distribution, Food Services, and as well as non-Food FMCG segment
- Significant improvement in UAE operations following cost cutting initiatives in 2018 and early signs of recovery in the energy drinks market, *UAE sales may face pressure in Q2 ahead of Oman's implementation of excise duty tax effecting energy drinks, amongst others*
- Catering in Qatar continues to outperform. Mezzan to expand kitchen and facility in 2019
- New chips facilities online in Qatar, UAE and KSA which will help improve margins going forward



Mezzan Today: Q1'19 Headwinds

- Increased spend in KSA on listing fees and expanding distribution have slowed down profitability despite growth in Sales
- Persistence of water competition in Qatar, continued compression of margins
- Lack of lucrative catering opportunities in the Kuwait market have slowed down performance
- Higher depreciation expense given new capacities and higher interest expense due to increasing rates and new higher borrowing

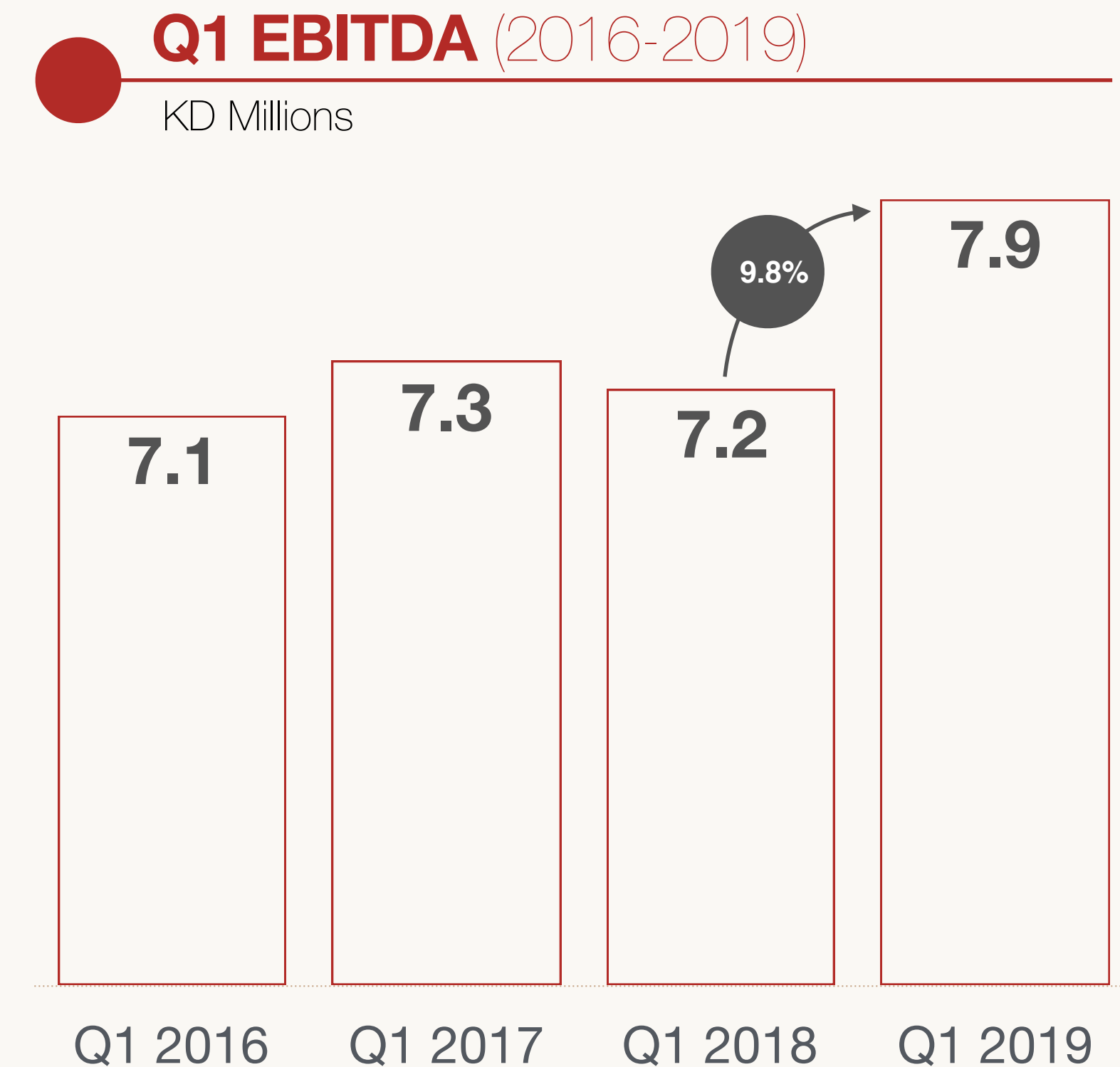


Mezzan Today: Q1'19 Highlights

KD Millions

	Q1'19	Q1'18	% Change
Revenue	62.6	58.8	6.5%
Gross Profit	14.5	13.4	8.4%
EBITDA	7.9	7.2	9.8%
Net Profit <i>Attributable to Equity Holders of Parent Company</i>	5.1	5.0	1.7%

- The reported numbers include the impact of IFRS 16 of KD250k that became effective from Jan 1, 2019. There was no change in profit and the only impact was on the EBITDA by KD250k.



Driven by expansion and cost cutting capex programs recently completed, EBITDA improved by 9.8% on the back of higher gross profit and a reduction in general and administrative expenses.

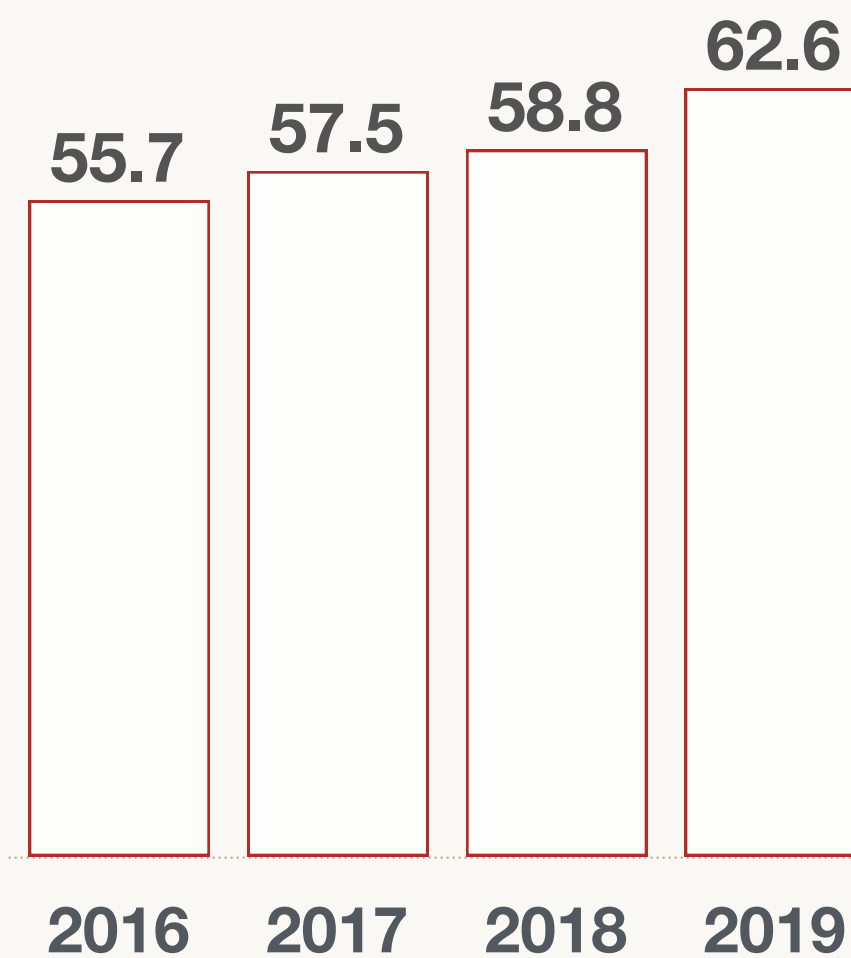


Mezzan Today: Q1 Historical Performance

As of March 31 for each year

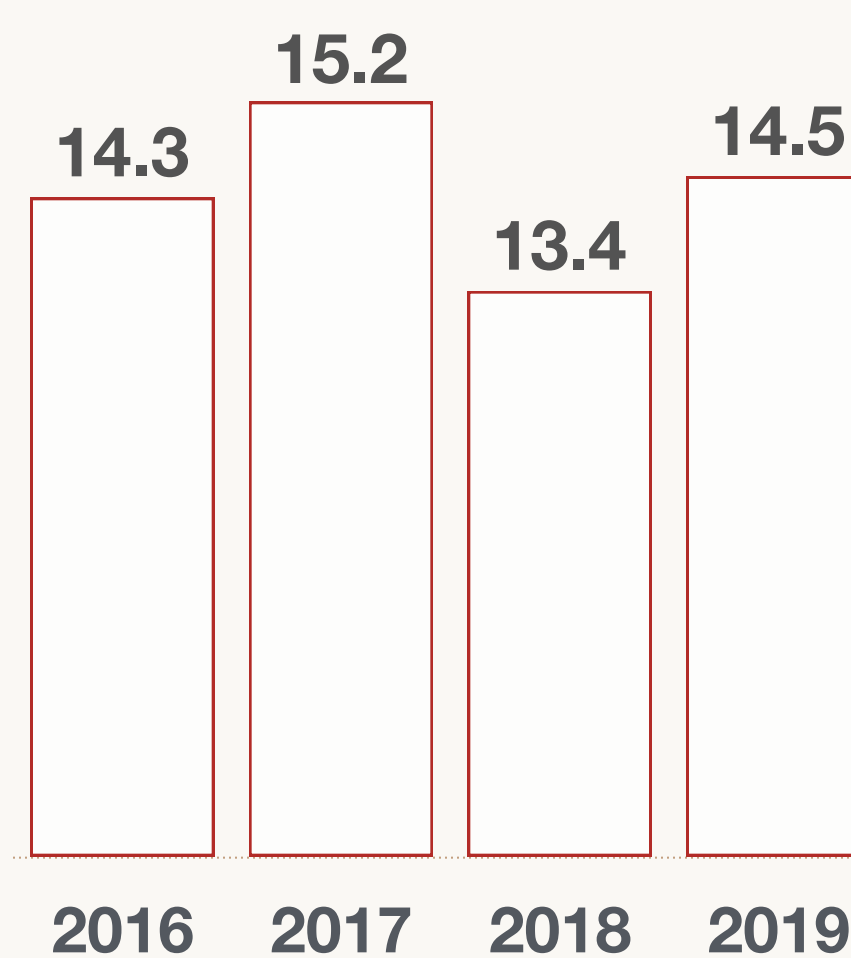
KD Millions

Revenue



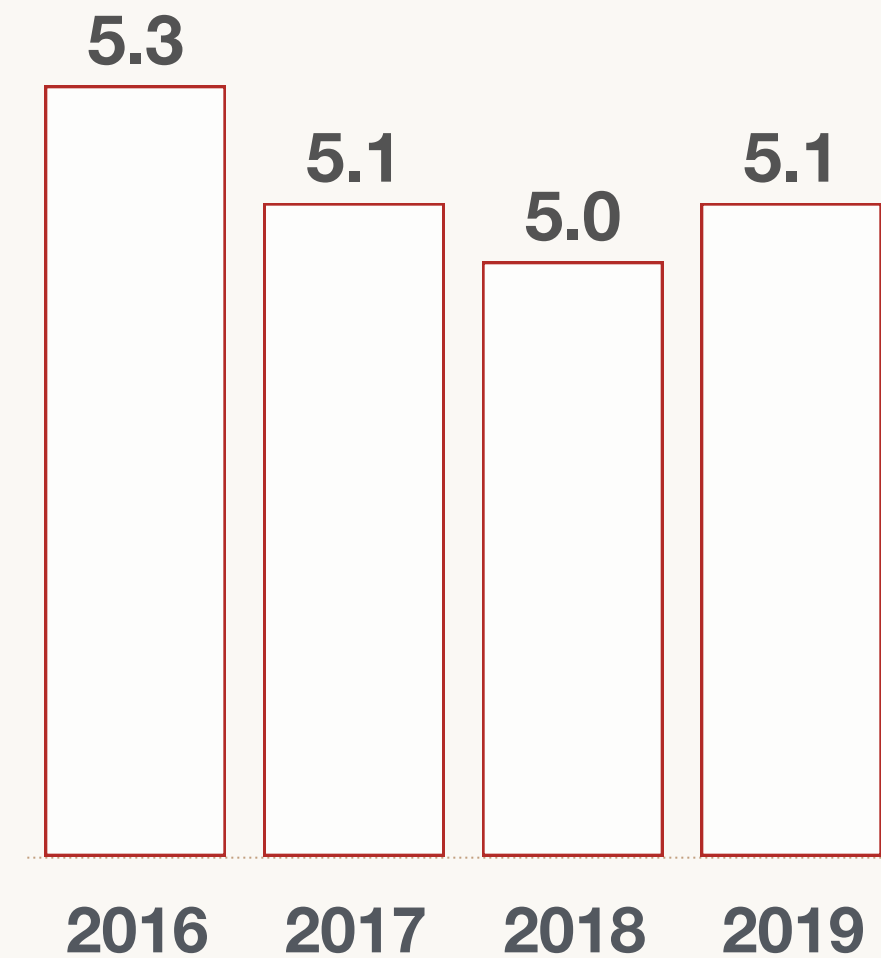
Revenue grew by 6.5% this quarter as both the food and non-food segment displayed strong results. The growth was largely driven by Food M&D, Services as well as FMCG but constrained slightly by a slowdown in Kuwait's Catering division

Gross Profit



Gross profit increased by a 8.4%, while margins remained constant at 23%

Net Profit



Net income improved slightly compared to last year given increase in finance cost for the period.

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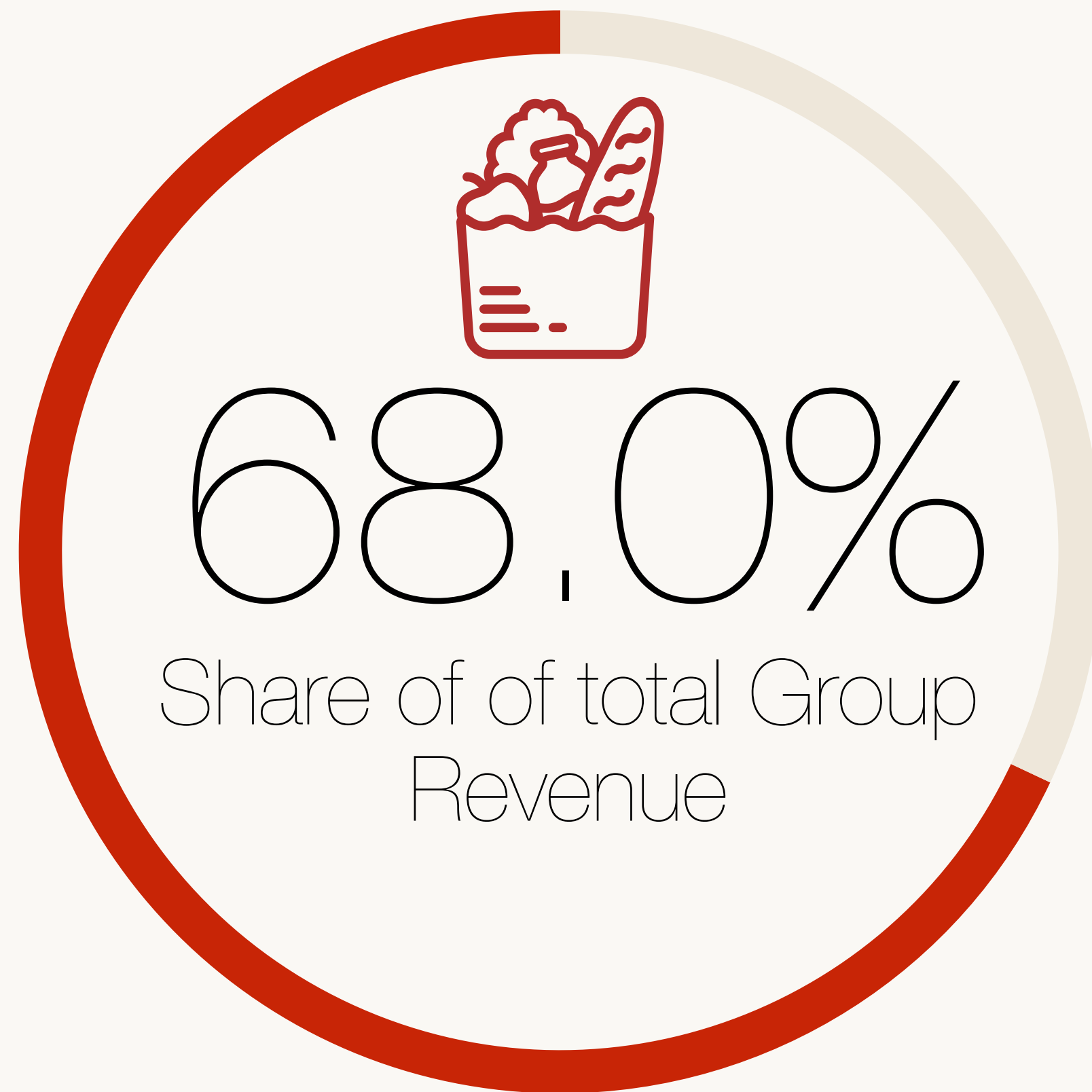
Financial Review



Q1'19 Revenue: Contribution by Business Line

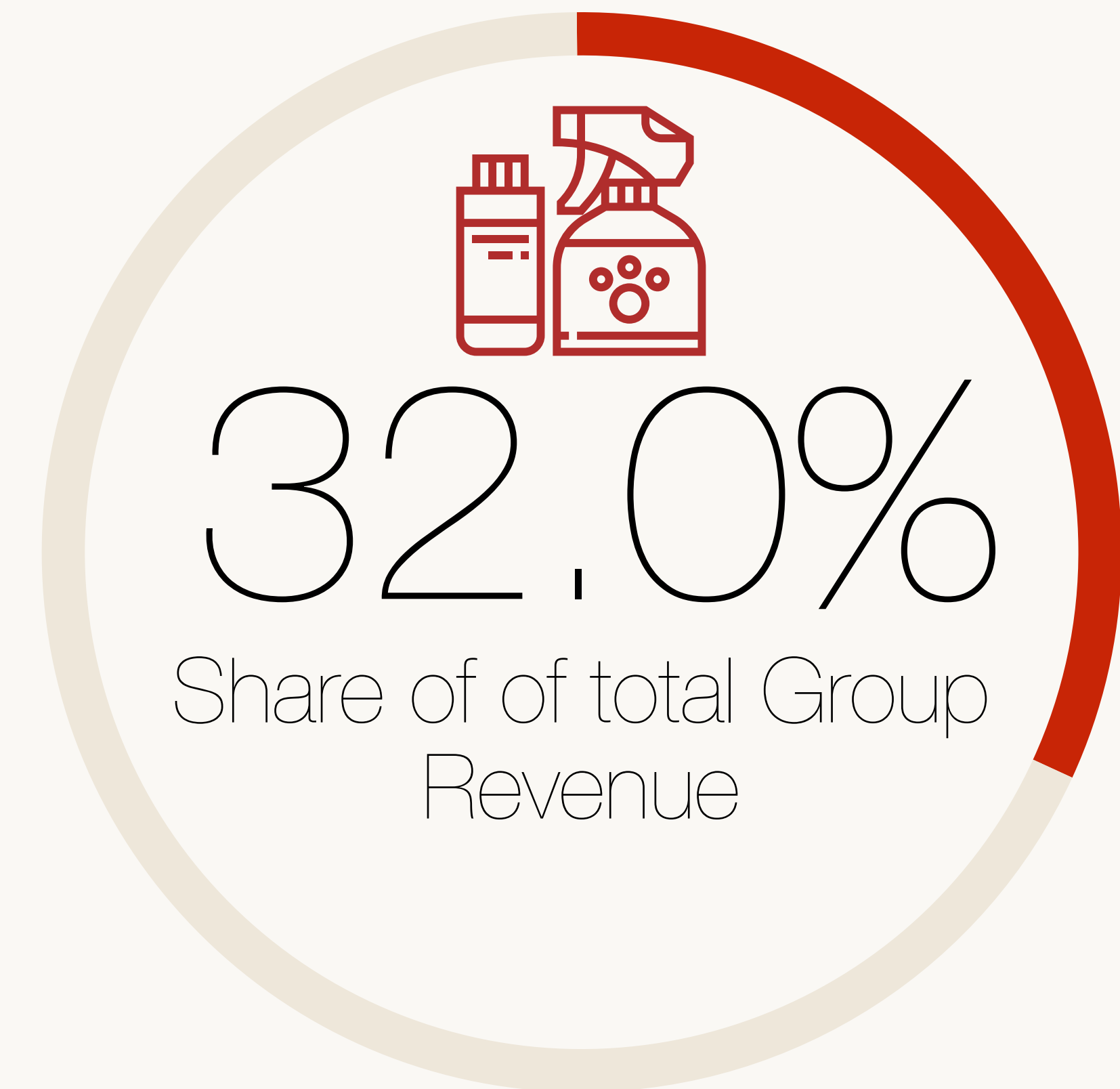
FOOD REVENUE +6.8%

Vs. Q1'18



NON-FOOD REVENUE +6.1%

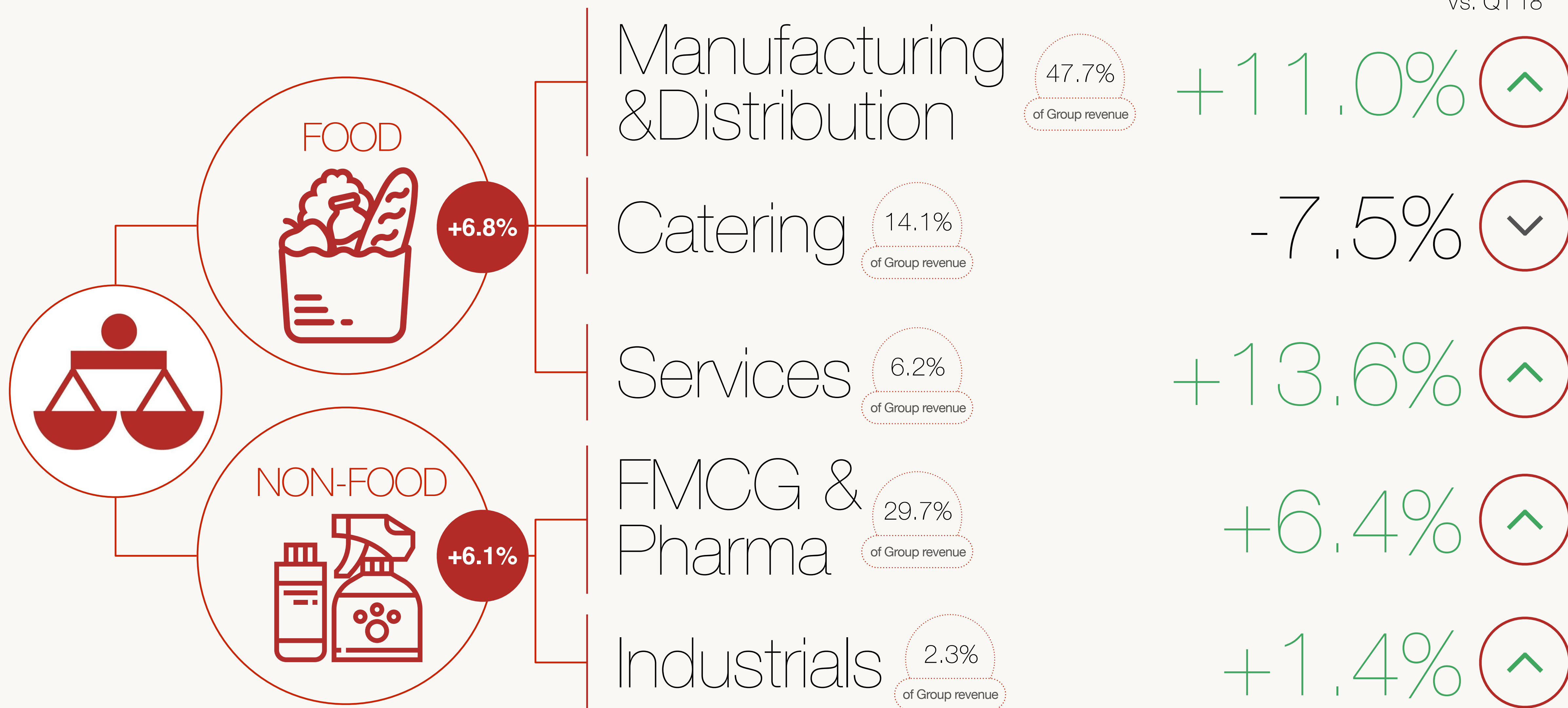
Vs. Q1'18





Q1'19 Revenue: Growth by Business Division

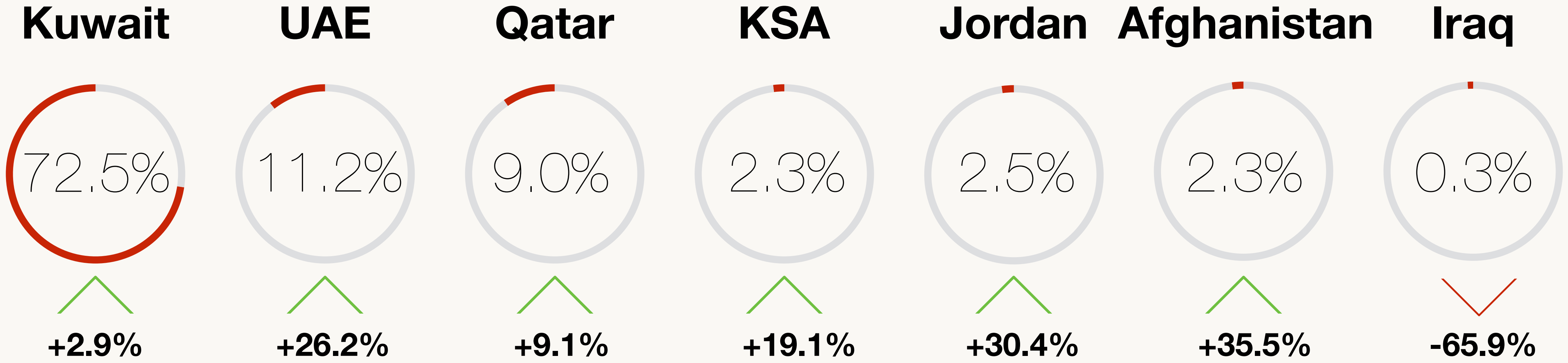
Vs. Q1'18





Q1'19 Revenue: Contribution and Growth by Country

Vs. Q1'18





Q1'2019 Review

P&L

	<u>Q1'19</u>	<u>Q1'18</u>	<i>% Diff</i>
Revenue	62.6	58.8	6.5% ^
Gross Margin	14.5	13.4	8.4% ^
<i>GM%</i>	23.1%	22.7%	
SG&A	-8.4	-7.6	11.2%
Others	-0.8	-0.5	53.2%
Underlying profit <i>before tax</i>	5.2	5.3	(0.2%)
Tax	-0.2	-0.2	5.6%
Underlying Net Profit	5.0	5.0	0.0%
<i>UNPM%</i>	8.0%	8.5%	
Net Profit	5.1	5.0	1.7% ^

*Attributable to Equity Holders of
Parent Company*

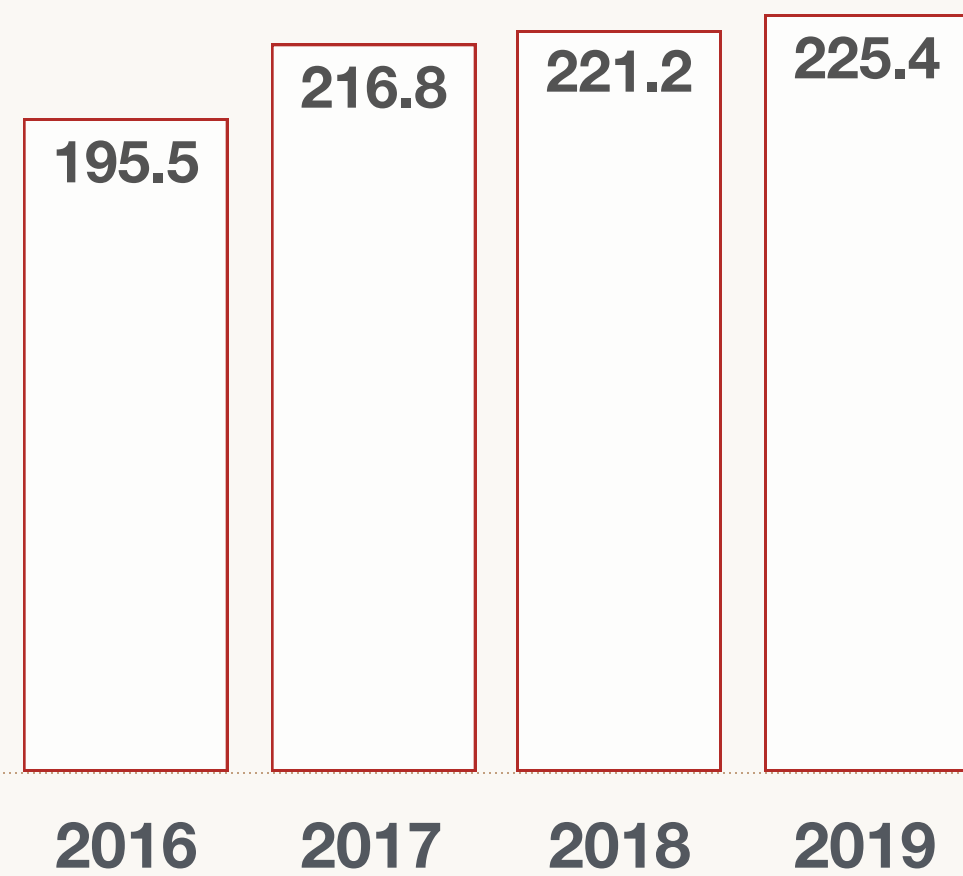
Cash Flow

	<u>Q1'19</u>	<u>Q1'18</u>	<i>Diff</i>
Operating Cash Flow <i>before WC changes</i>	7.9	7.5	0.4
Working Capital	-6.0	-3.6	(2.4)
Operating Cash Flow	2.0	3.9	(1.9)
CAPEX / Other investing activities	-1.2	-3.5	2.3
Cash Flow before financing	0.8	0.4	0.4
Dividends/Financing/other	-1.1	-0.4	(0.7)
Increase in Net Debt	-0.3	0.0	(0.3)

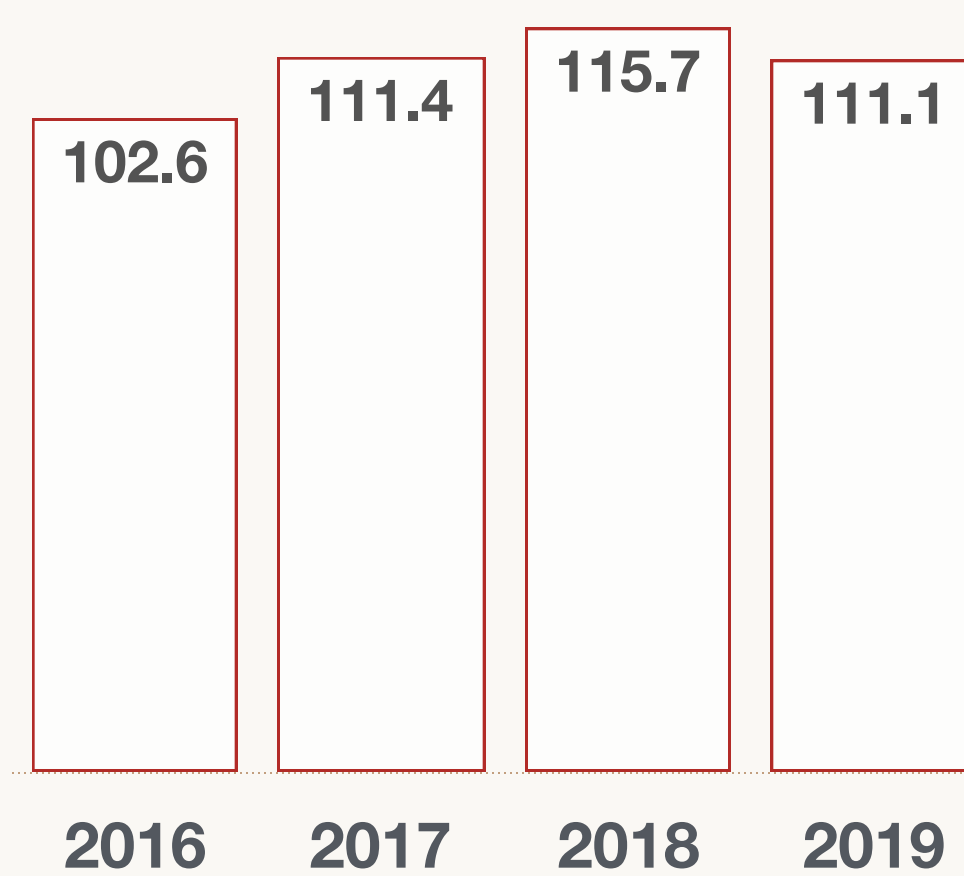


Balance Sheet as of Mar 31st

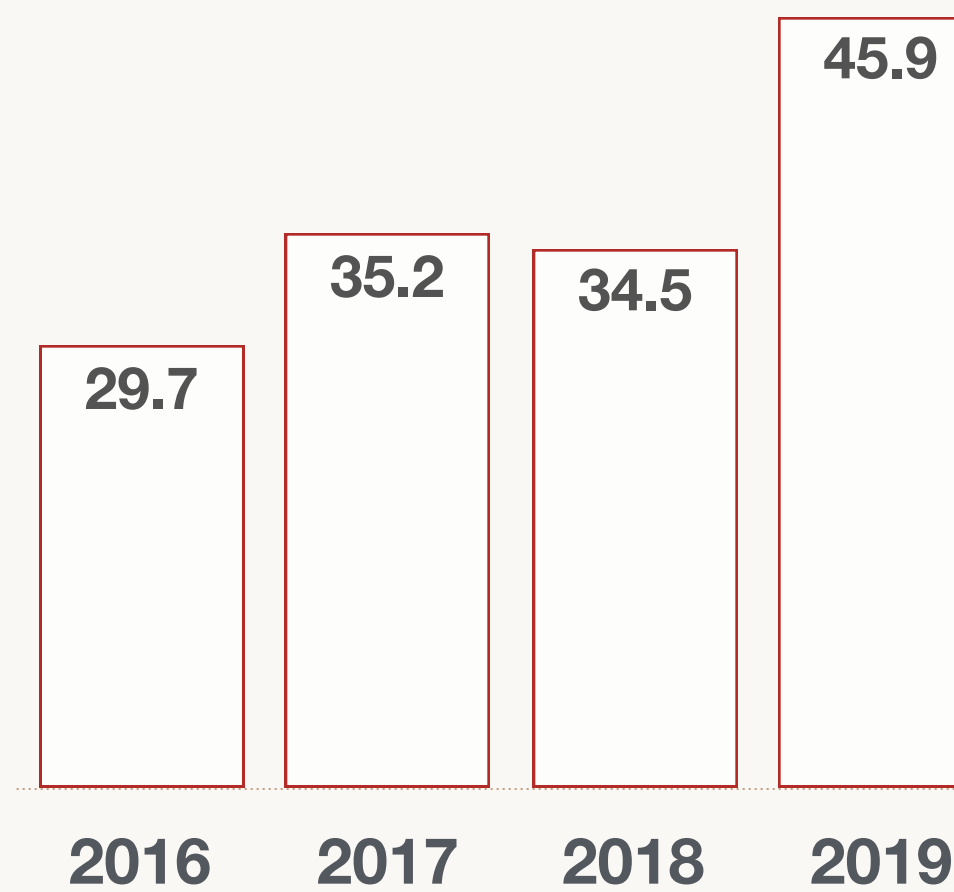
Total Assets **+4.9%**
KD Millions



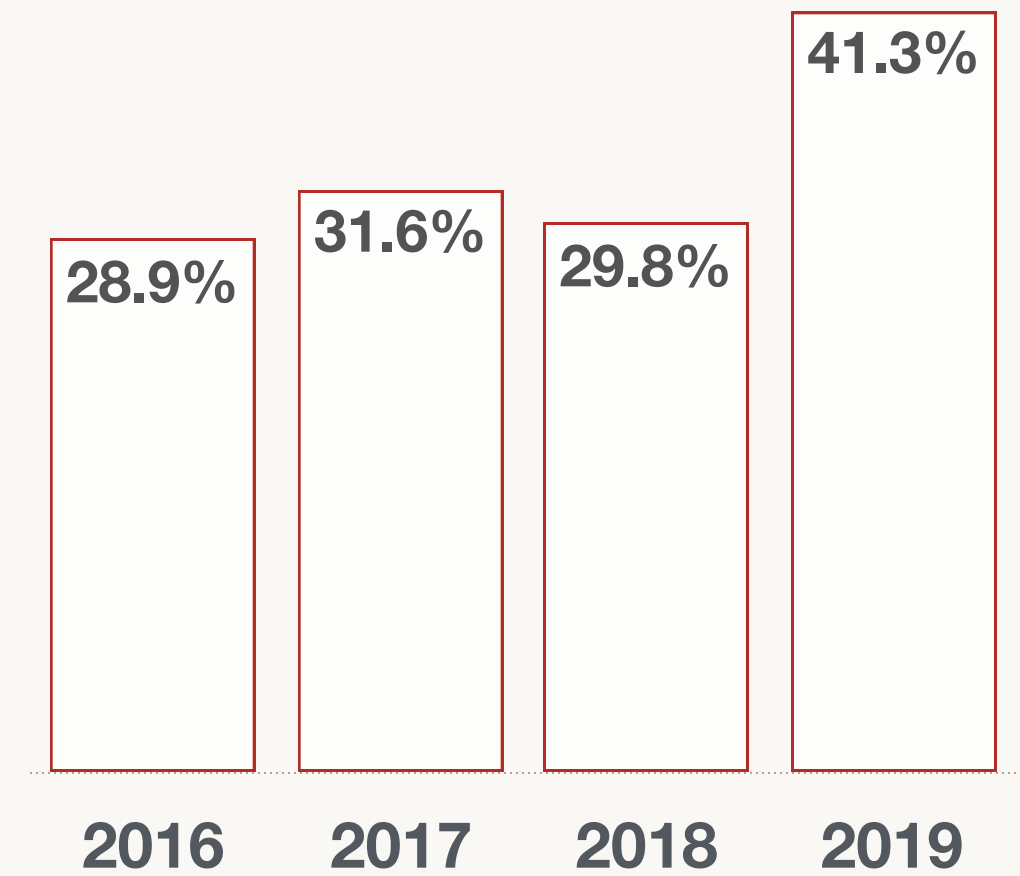
Equity **+2.7%**
KD Millions



Net Debt **+15.7%**
KD Millions



Net Debt to Equity (%)
KD Millions



- The reported numbers include the impact of IFRS 16 of KD250k that became effective from Jan 1, 2019. There was no change in profit and the only impact was on the EBITDA by KD250k. Given IFRS 16 change, assets with a value of KWD2.4mn were capitalized and a similar liability were recorded in Q1 2019



Q&A



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